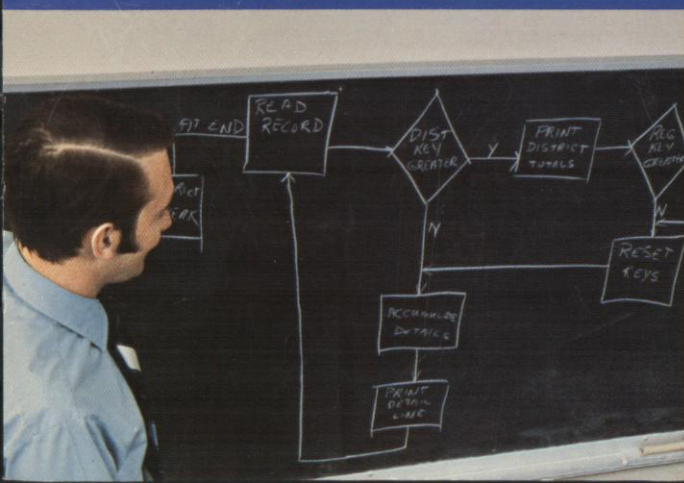


ANNUAL REPORT 1971

Hershey Foods Corporation





THE COVER AND THEME: Your Company's investments over the past decade in growth and diversification—new products, new plants, entry into new markets—have been described in previous reports and perhaps therefore are better understood than what may well be the most significant investment of all—Hershey's investment in people.

And so the 1971 Annual Report concerns itself with some of the people who in recent years have come to see their future in Hershey's future. We hope this casual examination will suggest what kind of people they are and what they do. More importantly, may it indicate how the challenges and stimuli of their day-to-day activities are creating a new dynamism within the Corporation from which later dividends will accrue.

To Our Stockholders

It gives us pleasure to report that the Company's sales in 1971 reached a record high and exceeded those of 1970 by 15 percent. Net earnings for 1971 showed an improvement of 8.7 percent over the preceding year.

Following are the results for the past two years on a consolidated basis:

	1971	1970
Sales	\$401,879,817	\$349,636,499
Net Income	20,493,201	18,857,596
Income Per Share	1.55	1.41
Dividends Per Share	1.10	1.10

For the year 1971 chocolate, cocoa, and confectionery products as a class contributed 77% of consolidated net sales and 90% of consolidated net earnings, compared with 75% and 80% respectively, in the preceding year. The larger percentage contributed by this class of products to earnings as compared to sales is attributable to the significant reduction in the cost of cocoa beans and the favorable market conditions which currently exist for chocolate, cocoa, and confectionery products while certain of the Company's other classes of products and services are being adversely affected by economic conditions existing in their respective industries.

The current world cocoa bean crop promises to be the largest in history. While such prospect has caused the price of this commodity to decline, these lower prices have encouraged the increased consumption of cocoa beans throughout the world.

The greatly improved sales in the Chocolate and Confectionery Division can be attributed to a combination of our consumer advertising program, more effective sales programs, and a more in-depth approach to marketing. Sales improvements have occurred in all major brands and geographically across all markets.

Our subsidiary companies continue to perform satisfactorily with the exception of Portion Control Industries, Inc., whose results for 1971 were disappointing due largely to the high cost of meat, development expenses, and vigorous competition. The name of Portion's operating company has been changed from Pronto Food Corporation to National Portion Control, Inc., but it will continue to market its products under the trade names of "Pronto", "Claridge", and "Old Strasbourg". William J. Thome, highly regarded in the institutional food industry, was elected president of National Portion Control, Inc. in January, following Norman Chapman's resignation several months before. In addition to enlarging its plant in Chicago NPC has acquired a new, modern production facility at South Holland, Illinois. We look forward with confidence to the future growth and successful performance of this subsidiary.

During 1971, \$22,600,000 was expended for improving and expanding the facilities of our various operations. Scheduled for completion in 1972 is a sizable addition to the Reese plant in Hershey to provide for the production of "Kit Kat" bars and for increased capacity for peanut butter cups. The production

facilities of San Giorgio Macaroni Company in Lebanon, Pennsylvania are also being significantly expanded. The Oakdale, California plant of the Chocolate and Confectionery Division which was dedicated in 1965 is scheduled for an addition in 1972.

Last November a change in the Company's management structure was effected by naming William E. Dearden a Group Vice President with responsibility for the sales, marketing and manufacturing operations of the Chocolate and Confectionery Division and by appointing Richard A. Zimmerman as a Group Vice President responsible for the operations of Cory Corporation, Portion Control Industries, Inc., San Giorgio Macaroni, Inc., and Delmonico Foods, Inc. At the same time Louis C. Smith was elected a Vice President in charge of Corporate Technical Services and Corporate Research. Earlier in the year, Richard L. Uhrich was elected a Vice President in addition to his position as Secretary of the Company and L. Whitley Simmons, Comptroller, was elected to the additional office of Treasurer.

In December, 1971, Gilbert Nurick, senior partner of the law firm of McNees, Wallace & Nurick, retired as a member of our Board of Directors under the Company's policy of retirement at age 65. We are greatly indebted to Mr. Nurick for many years of devoted and valuable service. Samuel A. Schreckengast, Jr., who is the executive partner of the same law firm, replaced Mr. Nurick as a director. In October, Norman L. Chapman resigned as a member of the Board and as a director and president of Portion Control Industries, Inc.

On February 11, 1972, the Company announced that negotiations were well advanced for the sale of the assets and business of David & Frere Ltee, biscuit and confectionery manufacturer of Montreal, Quebec, and wholly-owned subsidiary of Hershey Foods Corporation. The proposed transaction has no effect on results for 1971 and the effect on 1972 operations will not be significant.

As a company we are increasingly conscious of our social responsibility. We are constantly developing plans and procedures which will insure adherence to our policy of equal opportunity for all employees. We have also established definite programs for the increased employment of members of racial minority groups and the avoidance of discrimination between the sexes.

We acknowledge with gratitude the continuing loyalty and enthusiasm displayed by our many employees. Without their interest and effort the accomplishments of the past year would not have been possible.

W. E. Schiller

Chairman of the Board

H. S. Mohler

President



Sales and Marketing

Mass merchandising has cast today's salesman in a highly specialized role requiring unusual responsiveness and flexibility.

It is a creative role. The salesman presents his customers with ever-new opportunities for moving goods in volume at a profit. He must anticipate the needs and wants of his customer; he must understand the habits and desires of the buying public.

Hershey has built a sales organization of such people who are taking advantage of the opportunities created by the Company's growth in size and change in structure. For young

men it means the chance to advance rapidly, for mature and experienced men it has opened up new possibilities for positions of management.



Illustrated above: The "Man from Hershey" makes a sales presentation to the buying group of a major customer. *Right:* A sales call on a supermarket to secure improved product exposure. *Opposite page:* Marketing personnel screening a new television commercial.

A professional with a total grasp of the many factors that influence the movement of his products, the "Man from Hershey" is a respected individual in the food and confectionery industry.

Starting in the mid-1960's Hershey embarked upon a program to strengthen its sales and marketing staffs.

Initially it was necessary to acquire marketing talent and

expertise from outside the Company. Concurrently, a marketing trainee program was implemented. The training program was designed to develop a continuing flow of trained marketing personnel to fill future managerial needs. Indeed, some of the first marketing trainees have progressed into responsible marketing positions.

The typical marketing trainee at Hershey has graduated from one of America's leading business schools. His basic training is undertaken in a field sales assignment of a minimum of a year's duration. Upon return to Hershey, Pennsylvania, his career path may develop in market analysis, marketing research, marketing information development or marketing planning.

A career in marketing at Hershey has held great appeal to men of outstanding potential.

The marketing environment is unique and provides unusual challenges and the rare opportunity to participate and contribute to the new course of marketing action of a major company.





Research and Development

As Hershey grows so do the requirements for technical services—new products, improved methods and processes,

more efficient plant layout, specialized machines, new construction, and continuing quality assurance. Rising sales add greater demands of manufacturing, resulting in large capital expenditures to provide an adequate volume of product. These represent the conventional kinds of technical support.

Added to these are the requirements created by the consumer's demand for safer products, greater nutritional value, improved environment, more product information, increased

variety and a host of other things. Hershey meets these requirements through the employment of professional staff and the use of independent consultants. Environmental studies are playing an increasingly important role.

A strong research and development team undergirds all technical and corporate efforts. Hershey challenges a researcher through a wide variety of assignments related to the Com-

Above: Discussion at the project blueprint file. Opposite page, above: Reading the print-out of a chemical compound analyzer. Opposite page, below: Determining the protein content of peanuts.

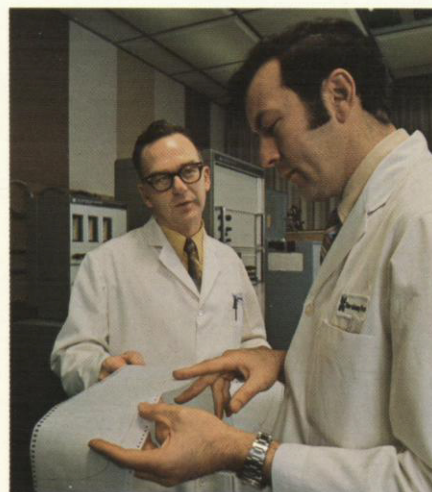
pany's program of product diversification. With highly sophisticated instrumentation and the most refined techniques a Hershey research scientist investigates microorganisms and their effect on plants, animals and man.

As world attention focuses on nutrition, Hershey researchers determine food values and search for improved methods to test and insure the qualities of ingredients. While adapting to change, the constant challenge remains—to make Hershey's Milk Chocolate more efficiently without changing the flavor of America's standard.

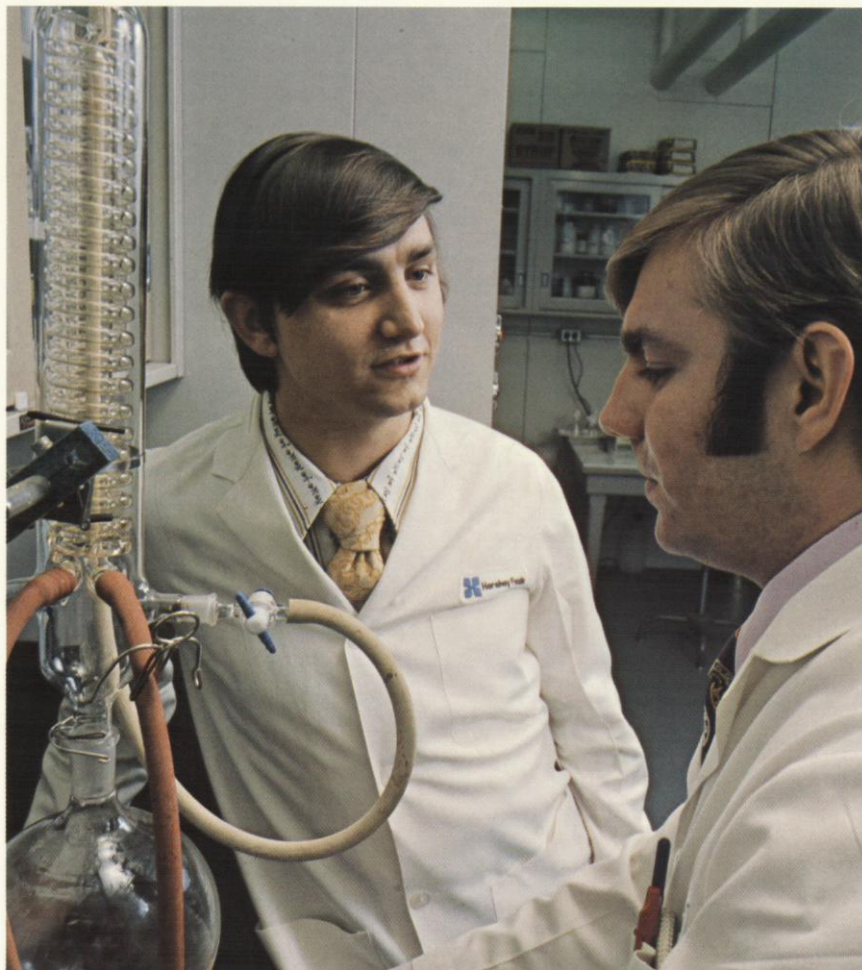
The research scientist grows within and beyond his area of basic expertise, since assignments to special task forces bring contacts with specialists in the manufacturing, data processing, packaging, accounting, marketing and other fields. He sees Hershey Foods from new perspectives. His career development opportunities take on new dimensions.

Research and development, engineering, quality assurance—the sum and total of corporate technical services demand a broad range of skills of high professional character. These include technicians, technologists, engineers and scientists from the major fields of engi-

neering and the specialized fields of science—nutrition, microbiology, biochemistry, biology, geology, chemistry and others. The ever increasing flow into Hershey of new project requirements encourages individual development in an atmosphere of growing professional competence. Opportunities to innovate abound, whether they involve advanced instrumental analyses, improved microbiological techniques, new products, improved processes, new



construction tools, safer products, better packages, higher speeds, effective maintenance, acceptable raw ingredients, better sanitation, lower cost—innovation that will help to assure the long-term growth of the Corporation.





Computer Science

During the past decade of Hershey's growth and diversification the application of computer science has had a very significant impact on a broad range of corporate activities.

A key thrust to these activities is provided by a group of young information specialists whose work is having a profound effect in virtually every area of the Company.

Servicing the growing information needs of the Company has furnished a challenging environment for these people in the recent past. Most recently this has provided the opportunity to participate in the development and implementation of a comprehensive Management Information System, now well along toward completion. The excellent fund of information it already provides is materially assisting management in the planning, directing and controlling functions of the Company. As to the future, systems of ad-

vanced design being envisioned assure a wide variety of exciting projects.

Corporate facilities include data communications, several computer installations, and other modern equipment. But the emphasis at Hershey Foods is on people, people with imagination and knowledge, and a desire to work with a fast growing leader in the food industry.

Production

The divisions and subsidiaries of Hershey Foods employ thousands of production people at ten plants in the United States, Canada and Mexico.

Supervision of these facilities—many of which are unique and one of which (the plant in Hershey) is the largest of its kind in the world—is entrusted to a Production Management Group of approximately three hundred personnel.

Since the Hershey policy has always been to promote from within wherever possible, this Group is now growing to a size that soon will enable it to staff vacancies in key positions as they occur.

Production Management attracts arts and science majors

from many colleges, but a college degree is not a prerequisite. Equally important are qualities of leadership and the ability to communicate and work effectively with others.

There is no standard rate or pattern of personal advancement, and every effort is made to expose personnel to a broad variety of experiences outside and beyond their specialized fields. One example, by no means unique, finds an industrial engineer who has worked on each of these different projects during the past three years: a

salary and administration program, a plant engineering and maintenance control system, labor relations including union negotiations, production standards, quality control and human relations.



Illustrated at left: An informal discussion of a basic computer hypothesis. *Above:* At the central control panel of the new milk storage and processing facility at Hershey.



Procurement

Hershey is one of the world's largest users of cocoa beans, almonds, peanuts and milk. The purchase of these commodities for quality and price are careers in themselves, and each year

additional people enter these highly specialized fields.

The newcomer to purchasing at Hershey is likely to be a graduate in business administration, economics or marketing. He will begin as an assistant buyer and progress through the various steps required to become a professional in his field. This status derives from his learned ability to bring all the skills of planning, searching, testing, specifying, pricing and coordinating to the buying func-

tion. He works closely with the Engineering, Quality Assurance, Production, Traffic and Sales and Marketing Departments.

During recent years the growth of the Purchasing Group has paralleled that of the Corporation. Through the great diversity of its purchased materials and the quantities involved, Hershey offers a real proving ground for the young careerist.

Illustrated, above: Critical evaluation of a test sample from a purchased lot of cocoa beans. *Opposite:* The carousel in the Traffic Department is the focal point of all shipment routings for the Chocolate & Confectionery Division.

Distribution

Through the years Hershey has recognized the mass distribution of its products as a significant element in maintaining growth. The Company anticipates and responds to the changing needs of the customer by having optimum stock levels and reasonable delivery times consistent with the most economical modes of transportation.

In order to achieve these objectives, Hershey has developed a network of manufacturing plants and field warehouses strategically located throughout the Continental United States, Puerto Rico and Hawaii.

Early in 1970, the Company adopted an integrated approach to distribution by creating an organization composed of production planning, inventory management, traffic and warehousing activities with involvement at corporate, line and staff levels.

Now with the application of computer techniques to distribution activities, Hershey is entering a new phase which

promises more highly sophisticated service than in the past.

Even though the task becomes increasingly more complex with shifting, growing markets and escalating costs, Hershey is dedicated to maintaining a position of leadership within the industry.

The Distribution Group has had much success in developing employees for promotion within the organization and are fortunate in attracting people with a broad range of experience in economics, manufacturing, transportation, and administration to supplement our needs.





Finance

The Finance Group provides the financial and accounting services necessary for the Company's operations.

The size of the Company provides the opportunity to work in a truly modern environment

with the latest tools and techniques. The organization is small enough, however, so that the individual is exposed to all functional areas: production, sales and marketing, distribution and warehousing as well as the financial area itself. As his career progresses, he will be able to see the Company as a whole.

Several years ago the Finance Group, together with other personnel, became deeply involved in the design and installation of a modern management information system. Of particular note to the group has been the development of a new cost

and profit planning system as part of this effort. There is participation in the management of many areas of the Company's business through the many aspects of the financial and accounting function.

As with nearly every career at Hershey, Finance offers opportunities to which the creative individual may contribute and upon which he can make his personal impact.

Illustrated, above: Discussing an analysis problem in a section of the Finance Group. *Opposite:* A seminar session in management.

Management Development

One of the most significant administrative steps in Hershey's history has been the establishment of a formalized long-range program for the development of managerial, professional and technical personnel.

The program has three main thrusts. One is a conceptual or enrichment type of activity which exposes Hershey people to the provocative philosophies of leaders from the academic, business and governmental communities.

The second activity consists of seminars and workshops to increase the effectiveness of the management team by teaching the latest managerial techniques and skills. This had led to the application of the "task team" principle, which establishes a multi-functional group of five to eight people who are charged with studying and recommending a course of action to resolve a management problem.

A third activity, now in its initial phase, seeks to provide the talent required to fill future key managerial positions. It is hoped through this phase of the program to provide greater opportunity for personal growth as well as better utilization of all human resources.


The "task team" approach has been enthusiastically received by all participants. Each

member of the team is a specialist in his own right, working with people of widely different backgrounds and training.

A dramatic testimony to the success of the "task team" principle has been the development of the totally new concept and plan for the Hershey Visitors' Center which will replace the famous but unwieldy plant tours. Here the team pooled its talents to solve a complex problem within a time span of only five months. Such common experiences contribute greatly to personal growth and prepare Hershey people for the challenges and opportunities of the future.



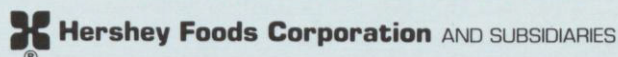
CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

 **Hershey Foods Corporation** AND SUBSIDIARIES

	FOR THE YEARS ENDED DECEMBER 31	
	1971	1970
NET SALES	\$401,879,817	\$349,636,499
 COSTS AND EXPENSES:		
Cost of goods sold	264,173,954	230,821,879
Selling, administrative and general.	63,232,908	50,065,475
Shipping	23,357,065	19,493,586
Depreciation (Note 5)	5,943,497	5,514,123
Interest	2,754,192	2,915,340
Total costs and expenses	359,461,616	308,810,403
Income before income taxes	42,418,201	40,826,096
 PROVISION FOR FEDERAL AND STATE INCOME TAXES	21,925,000	21,968,500
 NET INCOME	20,493,201	18,857,596
 RETAINED EARNINGS AT JANUARY 1	154,960,572	149,345,493
	175,453,773	168,203,089
DEDUCT—Dividends: Preferred \$.60 and \$.45 a share	270,000	225,000
Common \$1.10 a share	13,036,624	13,017,517
 RETAINED EARNINGS AT DECEMBER 31	\$162,147,149	\$154,960,572
 NET INCOME PER COMMON SHARE (Note 8)	\$1.55	\$1.41

The accompanying notes are

CONSOLIDATED BALANCE SHEET



DECEMBER 31

ASSETS

CURRENT ASSETS:

	1971	1970
Cash	\$ 4,463,235	\$ 7,503,549
Accounts receivable	26,341,497	23,549,644
Inventories (Note 2)	72,160,061	67,870,690
Total current assets	102,964,793	98,923,883

PLANT AND PROPERTY, at cost (Note 5):

Land	7,362,298	4,121,918
Buildings	55,976,082	45,665,758
Equipment	101,790,749	93,890,981
	165,129,129	143,678,657
Less-Reserves for accumulated depreciation	62,107,338	56,717,220
Net plant and property	103,021,791	86,961,437

COST OF INVESTMENTS IN SUBSIDIARIES IN EXCESS OF BOOK VALUES AT DATES OF ACQUISITION

19,850,189 19,850,189

DEFERRED CHARGES, ETC.

14,819,609 13,225,044

\$240,656,382 \$218,960,553

LIABILITIES

CURRENT LIABILITIES:

Loans payable within one year	\$ 20,267,565	\$ 5,230,070
Accounts payable	12,523,694	9,748,088
Accrued liabilities	7,070,726	5,503,515
Federal and state income taxes payable	4,624,383	5,093,475

Total current liabilities 44,486,368 25,575,148

LONG TERM LOANS (Note 4) 26,533,396 28,547,712

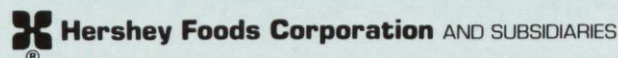
DEFERRED INCOME TAXES (Note 5) 13,356,681 12,091,724

STOCKHOLDERS' EQUITY (Notes 6 and 7):

Cumulative Preferred Stock— Authorized 2,000,000 shares; issued 400,000 and 500,000 convertible shares with dividend rate of \$.60 per year	1,200,000	1,500,000
Common stock, without par value— Authorized 20,000,000 shares; issued 12,528,710 and 12,228,710 shares	9,391,496	9,091,496
Retained earnings	162,147,149	154,960,572
	172,738,645	165,552,068
Less: Treasury stock, at cost— 551,975 and 430,805 common shares	16,458,708	12,806,099
Total stockholders' equity	156,279,937	152,745,969
	<u>\$240,656,382</u>	<u>\$218,960,553</u>

tegral part of these statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION



SOURCE	FOR THE YEARS ENDED DECEMBER 31	
	1971	1970
Net income.	\$ 20,493,201	\$18,857,596
Add—Expenses not requiring outlay of working capital:		
Depreciation.	5,943,497	5,514,123
Deferred income taxes	1,264,957	1,409,170
Working capital provided from operations.	27,701,655	25,780,889
Long term borrowings	3,500,000	11,357,143
Sale of Autopoint Company, a division of Cory Corporation, for \$3,400,000 less applicable net current assets (working capital) in the amount of \$1,305,367 included in sale	—	2,094,633
	<u>31,201,655</u>	<u>39,232,665</u>
DISPOSITION		
Dividends paid:		
Preferred	270,000	225,000
Common	13,036,624	13,017,517
Treasury stock acquired	3,652,609	1,692,706
Additions to plant and property	22,601,768	12,012,054
Payments of long term debt.	5,514,316	3,187,311
Other (Net)	996,648	903,560
	<u>46,071,965</u>	<u>31,038,148</u>
Increase (Decrease) in working capital	<u>\$ (14,870,310)</u>	<u>\$ 8,194,517</u>
CHANGES IN WORKING CAPITAL		
Current Assets:		
Cash.	\$ (3,040,314)	\$ (4,134,977)
Accounts receivable	2,791,853	1,827,711
Inventories	4,289,371	2,440,880
Total	<u>4,040,910</u>	<u>133,614</u>
Current Liabilities:		
Loans payable	15,037,495	(490,418)
Accounts payable	2,775,606	(6,925,899)
Accrued liabilities.	1,567,211	(773,235)
Taxes payable	(469,092)	128,649
Total.	<u>18,911,220</u>	<u>(8,060,903)</u>
Increase (Decrease) in working capital	<u>\$ (14,870,310)</u>	<u>\$ 8,194,517</u>

The accompanying notes are an integral part of this statement.

NOTES

1 The accompanying consolidated financial statements include the accounts of HERSHEY FOODS CORPORATION and all of its subsidiary corporations.

Intercompany balances and transactions have been eliminated. Assets, liabilities and income of foreign subsidiaries have been translated at approximate current rates of exchange, except that historical rates were used for fixed assets and related depreciation. The effect of foreign currency conversion and translation is not significant.

2 Inventories of cocoa beans, almonds, peanuts and milk, together with such material and wage costs included in finished goods and goods in process are substantially all stated at cost, under the "last-in, first-out" method. The remaining inventories are stated at lower of cost or market under the "first-in, first-out" or "average cost" method.

3 The Company and certain of its subsidiaries have a Retirement Plan covering substantially all employees of such companies. The total pension expense for 1971 was \$1,780,000 compared with \$980,000 in 1970. The increase in pension expense is primarily attributable to eliminations of employee contributions during 1970, the addition of Cory Corporation and its subsidiaries to the Plan during 1971 and a voluntary increase in payments to persons already retired. The Company's policy is to fund current service costs as incurred.

4 Long term loans at December 31, 1971 consist of the following:

Term loan at $\frac{1}{4}$ of 1% above prime interest rate (prime rate was $5\frac{1}{4}\%$ at December 31, 1971) until December 31, 1973 and $\frac{1}{2}$ of 1% above prime rate thereafter, payable

in equal semi-annual installments ending December 31, 1977 (\$12,857,143 less current portion of \$2,142,857) . . . \$10,714,286

Loan at prime interest rate until December 31, 1972, at $\frac{1}{4}$ of 1% above prime rate from December 31, 1972 to December 31, 1974, and $\frac{1}{2}$ of 1% above prime rate thereafter, payable in equal semi-annual installments commencing June 30, 1973 and ending December 31, 1976 10,000,000

Various other loans . . . 5,819,110
\$26,533,396

The loan in the amount of \$10,000,000 represents borrowings under the provision of a revolving credit agreement which allows the Company to borrow up to such amount. The outstanding balance on December 31, 1972 may be converted into a term loan with repayments as indicated above. It is presently the Company's intention to convert the balance borrowed into a term loan.

The loan agreements contain certain restrictions as to the ratio of debt, as defined, to current assets and to stockholders' equity and the excess of current assets over current liabilities.

5 Deferred income taxes arise from the use of guideline lives and, in some cases, accelerated depreciation methods for income tax reporting purposes while depreciation of buildings and equipment for financial reporting purposes is provided under straight-line and accelerated methods over estimated useful lives which range from 3 to 50 years. In addition, certain costs and expenses (such as preoperating expenses relating to the development of almond orchards) deferred for financial reporting purposes are deducted currently for income tax reporting purposes. The

reduction in income taxes currently payable resulting therefrom is being credited to deferred taxes.

6 Under the terms of the 1968 Stock Option Plan, a maximum of 500,000 shares of common stock may be issued to officers and key employees at not less than market value at the date such options are granted. The options are exercisable at any time until expiration, 5 years after granting or earlier in the event of death or other termination of employment by the optionee. At December 31, 1971, options for 115,000 shares at prices ranging from \$26.29 to \$27.22 were outstanding. No options were granted, exercised or cancelled in 1971.

Under a previous plan adopted in 1957 and terminated in 1964, except for options then outstanding and unexercised, options for 5,000 shares at \$34.00 per share were outstanding at December 31, 1971. No options were exercised or cancelled in 1971.

7 The preferred stock is convertible into the common stock of the Company on the basis of three shares of common for one share of preferred, in series, at various dates. All such Cumulative Preferred Stock must be converted by December 31, 1975. During 1971, 100,000 preferred shares were converted into 300,000 common shares.

In the event of liquidation, each preferred share outstanding is entitled to the same amount as would be payable to the holder of three shares of common stock.

8 Net income per common share has been computed based on the average shares of common stock and common stock equivalents outstanding during the period. The shares of \$.60 Cumulative Preferred Stock outstanding during each period have been included in the computation at their common equivalent of three shares of common for one share of preferred.

AUDITORS' REPORT

To the Stockholders and Board of Directors of Hershey Foods Corporation:


We have examined the consolidated balance sheet of HERSHEY FOODS CORPORATION (a Delaware corporation) and subsidiaries as of December 31, 1971 and December 31, 1970, and the related statements of consolidated income and retained earnings and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements referred to above present fairly the financial position of HERSHEY FOODS CORPORATION and subsidiaries as of December 31, 1971 and December 31, 1970, and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied during the periods.

ARTHUR ANDERSEN & CO.

New York, N.Y.,
February 11, 1972.

TEN YEAR SUMMARY SALES, INCOME AND DIVIDENDS

 **Hershey Foods Corporation** AND SUBSIDIARIES

YEAR	NET SALES	NET INCOME		DIVIDENDS	
		TOTAL	PER COMMON SHARE	COMMON	PREFERRED
1971	\$401,879,817	\$20,493,201	\$1.55	\$1.10	\$.60
1970	349,636,499	18,857,596	\$1.41	\$1.10	\$.45
1969	333,973,154	13,574,611	1.01	1.10	—
1968	296,045,285	19,898,149	1.67	1.10	—
1967	246,745,196	20,934,705	1.75	1.10	—
1966	225,738,443	24,973,012	2.09	1.075	—
1965	211,780,687	24,722,000	2.02	1.00	—
1964	207,129,308	22,745,755	1.86	.925	—
1963	203,021,904	22,233,913	1.82	.90	—
1962	191,332,314	22,696,704	1.86	.90	—

NOTE Net sales, net income and net income per common share for 1969 have been restated to give retroactive effect to the pooling of Portion Control Industries, Inc. The years prior to 1969 have not been restated.



Hershey Foods Corporation AND SUBSIDIARIES

BOARD OF DIRECTORS

W. E. Schiller, *Chairman*
J. E. Bobb
W. E. Dearden
J. Hemphill
H. S. Mohler
S. A. Schreckengaust, Jr.
R. L. Uhrich
A. R. Whiteman
R. A. Zimmerman

EXECUTIVE OFFICES 19 East Chocolate Avenue, Hershey, Pa.

TRANSFER AGENT First National City Bank, *New York*

REGISTRAR Morgan Guaranty Trust Company, *New York*

AUDITORS Arthur Andersen & Co., *New York*

OFFICERS

H. S. Mohler
President
W. E. Schiller
Chairman of the Board
W. E. Dearden
Group Vice President
R. L. Uhrich
Vice President and Secretary
R. A. Zimmerman
Group Vice President
L. C. Smith
Vice President, Technical
L. W. Simmons
Treasurer and Comptroller

CORY CORPORATION

Chicago, Illinois

DAVID & FRÈRE (1967) LTÉE

Montreal, Canada

DELMONICO FOODS, INC.

Louisville, Kentucky

HERSHEY CHOCOLATE & CONFECTIONERY DIVISION

Hershey, Pennsylvania
Oakdale, California

HERSHEY CHOCOLATE OF CANADA

Smiths Falls, Canada

L. D. PROPERTIES CORPORATION

Oakdale, California

H. B. REESE CANDY CO., INC.

Hershey, Pennsylvania

SAN GIORGIO MACARONI, INC.

Lebanon, Pennsylvania

NATIONAL PORTION CONTROL INC.

Chicago, Illinois



Hershey Foods Corporation

Hershey, Pa. 17033, U.S.A.

